

SUMMARY OF THE Urban Renewal Program

Incorporating changes resulting from the Housing and Urban Development Act of 1965

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

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SUMMARY OF THE URBAN RENEWAL PROGRAM (Incorporating Changes Resulting From the Housing and Urban Development Act of 1965) Urban Renewal is the term used to describe the diversified efforts by localities, with the assistance of the Federal Government, for the elimination and prevention of slums and blight, whether residential or nonresidential, and the removal of the factors that create slums and blighting conditions. In the Housing Act of 1949, as amended, as well as in other legislation, Congress has enacted a number of provisions which include loans, grants, technical assistance, and special mortgage insurance in urban renewal areas. Taken together they represent a "kit of tools" making possible a partnership among Iocal governments, private enterprise, citizens, and the Federal Government in mounting an offensive against slums and the causes Urban Renewal is a local program -- locally conceived, planned, and executed. It is a concerted effort by a community, through its public and private resources, to prevent and correct urban blight and decay and to set in motion long-range, planned redevelopment of both residential and nonresidential neighborhoods. It has two main elements: (1) Slum prevention through neighborhood conservation and rehabilitation of structures. (2) Clearance and redevelopment of structures and neighborhoods. Urban renewal projects are planned and carried out by a local public agency, which, depending on State law, may be a separate public agency, a local housing authority, or a department of a city government. Federal assistance is available to help the community carry out its plan when local resources alone are not adequate to do the job. To qualify for Federal assistance to an urban renewal project, a community must adopt. and have certified by the Secretary of Housing and Urban Development, a Workable Program for Community Improvement, in which it commits itself to the attainment of certain objectives. Through the requirement of a Workable Program for Community Improvement, urban renewal projects are tied to a broad and systematic effort to eliminate blight and prevent its recurrence through (1) codes and ordinances, (2) a comprehensive community plan, (3) neighborhood analyses, (4) administrative organization, (5) financing the program, (6) housing for displaced families, and (7) citizen participation. HOW THE FEDERAL COVERNMENT HELPS Federal assistance is available to help a community carry out the related major phases of a comprehensive urban renewal program. These aids include:

2. Grant assistance for the preparation of full-range renewal programs on a community-wide basis, including the identification of needs, estimates of financial, rehousing and other resources, and development of tentative schedules. . Financial aid in planning and carrying out urban renewal projects involving the rebuilding or conservation of blighted and deteriorating urban areas. This assistance is provided for specific projects and for planning general neighborhood areas to be renewed over a period of years. Grant assistance for comprehensive planning either in metropolitan or other urban areas or in smaller communities for which comprehensive planning sids are usually inadequate. Grant assistance to cities, other municipalities, and counties for arrying out programs of concentrated code enforcement in deteriorated or deteriorating areas, cutside of urban renewal project areas. Grants may be authorized only for areas in which code enforcement, together with public improvements provided by the locality, may be expected ... to arrest the decline of the area. Grant assistance for demonstrations of urban renewal techniques. . Special FHA financing aids for new or rehabilitated housing in the redevelopment of urban renewal project areas. Special FHA financial aids and public housing assistance to provide low-cost private or public housing for families displeced by urban renswal or other public activities. Grant assistance to cities, municipalities, and counties to assist in financing the cost of demolishing structures which, under State or local law, have been determined to be structurally unsound or unfit for human habitation. Grant assistance to communities to help provide, preserve, andevelop lands having value for park and recreation, conservation, spenic or historic uses. Grant assistance to communities in carrying out local beautification programs for the greater use and enjoyment of open-space and other public land in urban areas. The following sections give in surmary the main facts about hese various kinds of Federal assistance.

For any other municipality, the Federal contribution is two-thirds of net project cost. In these communities, the Federal share may be three-fourths if the locality elects to exclude from project cost. certain local administrative, survey, and planning expenses. Advances and Loans. Federal advances and loans may be made to finance project planning and provide working capital for execution activities. Planning Advances. Funds may be advanced to finance surveys and planning work necessary before actual operations of the project. Temporary Loans. These Federal loans are used by the community as working capital in acquiring land and structures in the project area, clearing the site, preparing the area for redevelopment or conservation, and all other execution activities. The contract with the Federal Government may be used by the local public agency to secure private financing at lower interest rates than the Federal rate. Other Financing. Federal capital grant progress payments, local cash -grants-in-aid, and land disposition proceeds may be used to provide temporary financing as project execution progresses. RELOCATION ASSISTANCE The local public agency or other public body responsible for displacement through urban renewal, code enforcement, open-space land acquisition, or demolition activities is required to offer individuals and families displaced by its actions, decent, safe, and sanitary housing at prices and rents within their means. (See Housing Assistance Programs below for relocation housing aids.) In addition, the responsible body is required to provide relocation assistance to business concerns and nonprofit organizations. Relocation Grants. Grants are made available to communities to reimburse individuals, families, business concerns, and nonprofit organizations displaced by urban renewall, or the other governmental activities listed above, for their moving expenses and direct losses of property. Each property owner may be entitled to an additional relocation payment for certain settlement and other costs incidental to the conveyance of real property to the project. Payments to families and individuals may not exceed \$200 for moving costs and property loss. In addition, families and elderly individuals displaced on and after January 27, 1964, may receive a relocation adjustment payment of up to \$500 to assist them in relocating in standard accommodations.

Specific Project Planning. Planning in relation to a particular project is concorned with such matters as eligibility and feasibility; boundaries of the renewal area, proposed new land uses, and preparations for relocation, land acquisition, rehabilitation and conservation, site clearance and improvement, land disposition, and other necessary operations. The expenses of such planning may be defrayed through Federal planning advances that are repayable from funds that become available when the project is undertaken. ·COMMUNITY RENEWAL PROGRAMS . Federal grants are available to pay up to two-thirds of the cost incurred in preparing a Community Renewal Program covering the full mange of urban renewal action required to meet local needs. This permits a community to approach its problems of blight on a citywide, rather than on a piecemeal, basis. All the deteriorated and deteriorating areas of the city can be identified and classified as to the relative urgency and degree of urban renewal action needed. The locality's resources for taking urban renewal action -- for financing, relocating displaced families, utilizing cleared land, and meeting other program requirements-can be established. Then the community can lay out a long-range program for urban renewal including provision of related public improvements, with its total needs balanced against total resources. It can establish and maintain feasible priorities and schedules for the various types of activities required to carry out its program. OTHER URBAN RENEWAL PROGRAMS Urban Planning Assistance (including Comprehensive Transportation Planning). The Urban Planning Assistance Program encourages and assists comprehensive planning for entire urban areas having common or related urban development problems to help prevent the spread of urban blight and to accelerate sound planning for the orderly growth and development of our urban areas. Sometimes called the "701 Program" because it is authorized by Section 701 of the Housing Act of 1954, as amended, the program makes possible Federal grants to supplement State and local funds for the purpose of financing timely, comprehensive planning. The planning includes, but is not limited to, comprehensive land use planning to guide residential, commercial, and industrial expansion, and planning the general location of transportation and other facilities, such as schools, sewer, water, and recreational facili ties, for the area's growing requirements. The 701 Program recognizes the integral relationship of the planning of coordinated mass transportation systems to comprehensive planning for the development and renewel of entire urban areas. In the preparation of a comprehensive plan and related surveys and studies for an urban area, the general location, character, and extent of routes and terminals are eligible. activities.

In general, Federal grants for planning assistance are made for cities and other municipalities with a population of less than 50,000, groups of adjacent communities with a total population of loss than 50,000, and counties regardless of population size. Localities may apply for these grants . through their State planning agencies or properly authorized metropolitan or regional planning agencies. For metropolitan areas and urban regions with central city or urban concentration of 50,000 or more, Federal grants may be made either to a State planning agency or to an official metropolitan or regional planning agency authorized to perform planning in the area. Applications may be made directly to the HUD Regional Office or to the State agency. Grants are also available for State and interstate comprehensive planning and for planning in disasper areas, in areas experiencing the impact of the establishment or expansion of a Federal installation or a loss of employment as the result of a reduction in Federal purchases or the closing of a Federal installation, in Indian reservations, and in certain areas designated as redevelopment areas under the Area Redevelopment Act or Normally, the Federal share is two-thirds of the total cost of an urban planning project. However, for localities situated in redevelopment - areas designated under the Area Redevelopment Act or successor legislation, and in areas where there has been a substantial reduction in employment as the result of a reduction in Federal purchases or the closing of a Federal installation, grants may amount to three-fourths of the project In addition, grants of up to three-fourths may be made to State Planning Agencies participating in planning for Appalachian regional programs, for expenses incurred in the course of such planning, or to the Appalachian Regional Commission. Under a 1965 amendment to Section 701, two-thirds grents may be made to organizations composed of public officials who are representative of the . political jurisdictions within a metropolitan area or urban region. These grants are for the purpose of assisting such organizations to undertake studies, collect data, develop regional plans and programs, and engage in other activities which are necessary or desirable for the solution of metropolitan or regional problems in such areas or regions. Applications should be made directly to HUD Regional Offices. Local and State sources must provide the balance in all instances. Open Space Land. Federal grants of to 50 percent are authorized to help communities provido, proserve, L... Levelep lands having value for park and recreation, conservation, seemie, or historic uses. Examples of eligible development , costs are landscaping, basic water and sanitary facilities, and recreation facilities. Major construction, such as large buildings and amphitheaters, is ineligible.

8. ' Developed land in built-up portions of urban areas may be purchased with grant assistance where adequate open-space land cannot effectively be provided through the use of existing undeveloped or predeminantly undeveloped land. Mere land is in a built-up area, the grants may include 50 percent of the cost of acquisition and necessary clearance. Relocation assistance, including payments, is authorized for individuals, families, businesses, and nonprofit organizations displaced by the purchase of land .: with grant assistance. Urban Beautification. Federal grants are available to assist communities in carrying out local. beautification programs for the greater use and enjoyment of open-space and other public land in urban areas. The grant may represent up to 50 percent of the applicant's increase in its usual beautification expenditures over and above previous years for comparable activities. Code Enforcement Programs. In 1965 Congress authorized financial assistance for code enforcement activities on a new and simplified basis. Federal grants are available : to cities, counties, and municipalities to cover part of the cost of "Concentrated Code Enforcement Programs" in designated areas of the locality. . A code enforcement grant may not exceed two-thirds (or three-fourths in the case of a municipality or county having a population of 50,000 or less) of the cost of a Concentrated Code Enforcement Program, Eligible costs may include expenditures for code administration, for related staff services in connection with providing assistance on relocation and on direct Federal rehabilitation loans and grants, and for the provision and repair of necessary streets, curbs, sidewalks, street lighting, tree planting, and similar improvements. The amount of a code enforcement grant will be based on a code enforcement program budget, submitted by the municipality and subject to HUD approval, and on a final audit of program costs. Grant payments will be made periodically, based on requisitions submitted by the municipality and on reports of progress of code enforcement activities and the provision of needed public improvements in a designated area. A single application for grant may cover more than one area in the municipality, providing it is reasonable to expect completion of the code enforcement program for all areas covered by the application within three years. The general policies and requirements applicable to a federally assisted code enforcement program aro: 1. At the time of the approval of its application, the municipality must have a Morkable Program for Community Improvement currently.

in effect and must have adopted a comprehensive system of codes that meets certain minimum standards and is being effectively 2. The municipality must agree that, during the period it is under a Contract for Code Enforcement Grant, it will maintain a level of empenditures for eode enforcement, exclusive of any eode : enforcement expenditures for areas assisted by urban renewal . - project grants or eode enforcement grants, that is at least as . much as normal expenditures for eode enforcement activities before execution of the contract. 3. The municipality must have a satisfactory program for providing all necessary public improvements within the area assisted by 4. The municipality has an obligation to assure that any individuals or families who are displaced by the code enforcement activities . cre offered decent, safe, and sanitary housing within their means, . and to provide related relocation assistance. The area selected for the Concentrated Code Enforcement Program must be built up, predominantly residential in character, and with code violations emisting in at least 20% of the buildings in the area. Conditions in the area must be such that the proposed program for concentrated code enforcement and the provision of the proposed public improvements may be expected ... to eliminate eode violations and arrest the decline of the area. Demolition Grants. Another new program authorized in 1965 is for Federal grants to cities, other municipalities, and eounties to assist in financing the cost of demolishing structures which, under State or local law, have been determined to be structurally unsound or unfit for human living, and which the locality has authority to demolish. Under the legislation, the demolition must be on a planned neighborhood basis and further the overall renewal objectives of the locality. In addition, a program of enforcement of existing local . housing and related codes must be eurrently underway in the locality. Grants may be made for up to two-thirds of the east of demolition. In order to be eligible for a grant, the locality must have a currently certified Workable Program for Community Improvement and the structures to be demolished must constitute a public nuisance and a serious hazard to the public health or welfare. In addition, the governing body of the municipality must determine that other available legal procedures to secure remedial action by the owners of the structures involved have bean exhausted and that demolition by governmental action is required. The locality will be obligated to assure that any individuals or families displaced as a result of the federally assisted demolition are offered. decent, safe, and sanitary housing. Relocation payments on the same busis as in Title I urban renewel project activities must also be made.

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Grants up to two-thirds of the cost of undertaking demonstration projects, plus the full cost of reports of such projects, are available to public bodies. A demonstration project may include the development and testing of new or improved techniques or methods of blight prevention and clinination, together with an analysis and report of those activities. Reports of completed demonstration projects and similar activities are published to help guide renewal programs in other cities.

Urban Renewal Service.

HUD provides an Urban Renoval Service, which makes available technical and other professional assistance to communities in the proparation and development of their reneval plans and programs, including resobilitation projects not requiring Federal Sinancial assistance and self-liquidating redevelopment projects. The Service also covers the publication and dissemination of technical and advisory materials for the information and guidance of local public agencies and others concerned with urban reneval.

HOUSING ASSISTANCE PROGRAMS

Pinancing of new housing and the rehabilitation of existing structures inst come primarily from private investment. Redevelopment or conservation of slum and blighted areas, as well as other public improvements, often displaces families, many of whom do not have the means to obtain adequate housing in the normal private market. The law requires that there be provided decent, safe, and sanitary dwellings available to people displaced from urban renewal areas, at rents or prices within their means. While some displaced families may be rehoused in low-rent public housing, the bulk of the rehousing resources will be privately owned. Another large area of housing need is accommodations for low and moderate income families generally. The housing assistance programs of HUD and its constituents are designed to meet both these needs in the following manner:

Rehabilitation Loans.

The Housing Act of 1964, as amended, authorises government loans to owners or tenants of residential or business property in urban renewal or code enforcement areas to enable them to bring the structures up to local code requirements, or to carry out the objectives of the official urban renewal plan for the area.

13 by nonprofit corporations, limited dividend corporations, and cooperations, or other mortgagors whose rents, charges, and operations are regulated by the FHA Commissioner. Public agencies that are not . receiving financial assistance for public housing exclusively are also Other FHA programs have proven useful in connection with urban renewal. They are Section 213 for the financing of management type cooperative housing and Section 231, which provides special terms for housing for the elderly or handicapped. Section 203(k), enacted in 1961, provides home improvement loans, in amounts up to \$10,000 per dwelling unit, at an interest rate not more than 6 percent, for the improvement of homes outside of urban renewal project areas. These Loans may be for terms of up to 20 years or three-fourths of the remaining economic life of the property, whichever is less, and do not require the refinancing of existing mortgages, on property. Rent Supplement Programa The Housing and Urban Development Act of 1965 authorizes a rent supplement program which may be utilized as an aid to the relocation of certain site occupants displaced by urban renewal and other public programs. To be eligible, an occupant must be an individual or family with an income not higher than the maximum amount established in the area for occupancy of low-rent public housing and, in additional, must be In one of the following categories: 1. Displaced by governmental action. 2. 62 years of age or older. 36 Physically handicapped. 4. Occupying substandard housing. 5. Occupying, or formerly occupying, a dwelling situated in an . area determined by the Small Business Administration, subsequent to April 1, 1965, to have been affected by a natural disaster, and which has been extensively damaged or destroyed as a result of the disaster. the amount of rent supplement payment cannot exceed the difference between the fair market rental for the dwelling unit and 25 percent of the occupant's income. Payments will be reviewed periodically and adjusted to reflect changes in income or rent.

Housing owners who are eligible to enter into contracts to receive rent supplement payments will be henprofit, cooperative, or limited dividend owners the provide housing financed with mortgages insured by FHA under. Section 221(d)(3) at market interest rates. Such housing can consist of a project of 5 or more dwelling units which may be individual dwelling units, you houses, semi-detached housing, or multifemily housing. The housing must be either new housing or housing that is improved by a substantial amount of rehabilitation financed by the insured mortgage. In addition, rent supplements are available on a restricted and experimental basis for housing financed with mortgages insured by FHA under its Section 221(d)(3) below-market interest rate program for low- or moderate-income families and for housing for the elderly financed with a direct Federal loan under Section 202 of the Housing Act of 1959 or under the FHA Section 231 mortgage insurance program for rental housing for the elderly. However, not more than 10 percent of the amounts approved in annual appropriation acts for the rent supplement program may be utilized for the experimental program, of which half may be used for housing provided under the FHA below-market program and half for housing under the elderly direct loan program and the FHA elderly program. FEDERAL NATIONAL MORTGAGE ASSOCIATION Under its special assistance programs, FRMM is authorized to support FHA Section 220 and certain types of Section 221 housing, including all housing for eligible displaced families, by purchasing and making edvance commitments to purchase such mortgages. SPECIAL ASSISTANCE PROGRAMS Disaster Areas, Special Federal assistance is available for disaster areas. In area that is in need of redevelopment or rehabilitation as a result of a catastrophe which the President has declared to be a major disaster may be extended urban renewal assistance without regard to certain lews and regulations governing regular urban renewal projects. Special provision for such areas is also made under the Urban Planning As- · · · sistance Program, discussed above. Redevelopment Areas, Special Federal assistance in urban renewal and urban planning is available for areas of substantial and persistent unemployment that have been designated as redevelopment areas by the Socretary of Commerce . under the Area Redevelopment Act, or successor legislation. Education . Institutions and Hospitals. Special benefits are available to as urban renoval project which is located war the principal buildings or a major branch of an educational institution or hospital. These projects are not subject to certain requirements governing regular urban renewal projects. Furthermore, empenditures by elight to tomore for land acquisition, demolition, and relocation may be credit to the required local share of the cost of these projects. This reduces a smount of other local grants-in-aid which the locality would for its urban renewal program.